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**GENERAL**

1. Bevin considering oral approach to Moscow--A high UK Foreign Office official has informed US Ambassador Douglas that Bevin is considering "the possibility of an oral approach at Moscow" on the Berlin situation. The official indicated that Bevin's action would be simultaneous with the presentation of the three western governments' notes to the USSR.

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Deteriorating situation in Berlin--US Ambassador Murphy in Berlin reports that the physical and economic plight of the western sectors of Berlin is worsening daily. According to Murphy, the air lift is providing the population with enough food to sustain life but not to sustain morale over an extended period, and the curtailment of industrial activities is leading to a great increase in unemployment. Murphy says that the current rate of industrial goods shipments by air lift from Berlin to the western zones can only dent the backlog of manufactured goods awaiting shipment.

(CIA Comment: CIA concurs in Ambassador Murphy's estimate of the increasing gravity of the Berlin economic situation.)

**EUROPE**

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2. FRANCE: Caffery expects new coalition government--US Ambassador Caffery believes that the most probable solution of the French governmental crisis will be a coalition based on approximately the same elements as those of the Schuman government. Caffery observes, however, that such a solution is unlikely to inspire public confidence. Caffery believes that the downfall of the Schuman government was generally unexpected and undesired, even by the Socialists, and resulted primarily from electoral pre-occupations and an inability to control the momentum of party maneuvers. Caffery has little doubt that the present crisis, revealing so clearly the lack of unity of the democratic forces of the center, has hurt the prospects of a centrist political solution and has correspondingly strengthened the Gaullists and, to a lesser extent, the Communists.

State Department review completed

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(CIA Comment: CIA agrees in general with Ambassador Caffery's estimate but believes that it may be necessary for the next French government, in order to command a sufficiently strong Assembly majority, to include more elements favorable to De Gaulle than did the Schuman government.

### THE AMERICAS

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3. ARGENTINA: ECA purchase agreement recommended - US Ambassador Bruce suggests that the US negotiate with Argentina a general ECA purchase agreement at the time of the first ECA purchase from Argentina. Bruce expresses the view that Argentina is not considering sales to Soviet-dominated countries in order to embarrass the US but because of a commercial necessity.

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